

## Message Text

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ACTION NEA-11

INFO OCT-01 EUR-12 ISO-00 EB-08 XMB-02 OPIC-03 SOE-02  
AID-05 CEA-01 CIAE-00 DODE-00 DOE-15 H-01 INR-10  
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-05 ICA-11  
OES-07 SP-02 SS-15 STR-07 TRSE-00 ACDA-12 PA-01  
/145 W

-----098641 071751Z /64

R 071545Z JUN 78  
FM AMEMBASSY TUNIS  
TO SECSTATE WASHDC 1378  
INFO AMEMBASSY BRUSSE S  
AMEMBASSY THE HAGUE  
AMEMBASSY LONDON  
AMEBASSY PARIS  
AMEMBASSY ROME  
USDOC WASHDC

LIMITED OFFICIAL USE SECTION 1 OF 2 TUNIS 4083

PASS DEPT OF ENERGY , EXIMBANK AND OPIC

E.O. 11652: N/A  
TAGS: ENRG, EINV, TS  
SUBJ: GROWING AMERICAN PRESENCE IN TUNISIAN OIL EXPLORATION

1. SUMMARY: SIGNATURE IN TUNIS MAY 26 OF CONVENTION BETWEEN BUTTES RESOURCES, TUNISIAN PARTNER ETAP AND GOT-- AND ON MAY 29 OF CONVENTION BETWEEN SHELL PECTEN/ETAP AND GOT--MARKS BOTH SURGE IN INTEREST OF AMERICAN COMPANIES IN TUNISIAN PETROLEUM EXPLORATION AND MODIFICATION IN FORMULA FOR GOT PARTICIPATION IN SUCH EXPLORATION. SIGNING ALSO IS EXPECTED FOR EARLY JULY OF CONVENTION BETWEEN HOUSTON OIL AND MINIERALS/ETAP AND GOT. THE NEW PERMIT AREAS ARE "ENFIDAVILLE" FOR BUTTES, "BIR AOUIO" FOR SHELL PECTEN, AND "KERKENNA WEST" FOR HOUSTON OIL AND MINERALS.

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APART FROM THESE ACQUISITIONS OF INTEREST IN NEW PERMIT AREAS, SEVERAL US COMPANIES ARE IN PROCESS OF ENTERING TUNISIA THROUGH FARM-IN ARRANGEMENTS. END SUMMARY.

2. BUTTES' NEW PERMIT COVERS AREA OF 3,868 SQUARE KILOMETERS FROM BAY OF MONASTIR NORTH TO NABEUL, INGULF OF HAMMAMET, AND IS CONTIGUOUS WITH BUTTES' CAP BON-GULF OF

HAMMAMET PERMIT AREA. SHELL PECTEN PERMIT AREA COVERS NEARLY 20,000 SQUARE KILOMETER AREA ON SHORE, NORTH OF EL BORMA. HOUSTON'S WILL BE ONSHORE AND OFFSHORE AREA, CENTERED ON SFAX.

3. UNDER ITS CONVENTIONS WITH BUTTES, SHELL PECTEN, AND HOUSTON, GOT AS REPRESENTED BY ETAP WILL HOLD 51 PERCENT INTEREST IN JOINT VENTURES FROM THELOUTSET, ON NO-RISK BASIS, WITH OBLIGATION TO REIMBURSE ITS SHARE OF EXPLORATION COSTS ONLY IF THERE ARE COMMERCIAL FINDS AND AS PRODUCTION CONCESSIONS ENTER DEVELOPMENT PHASE. (PREVIOUSLY, EXPLORATION CONVENTIONS HAD MERELY CONTAINED OPTIONS FOR GOT TO BUY INTO PRODUCTION CONCESSIONS, GENERALLY TO EXTENT OF 20 TO 25 PERCENT.) BUTTES CONVENTION HAS SET NEW FORMULA WHICH APPEARS LIKELY TO BE APPLIED BY GOT TO ALL NEW EXPLORATION PERMITS EXCEPT THOSE IN EXCEPTIONALLY DIFFICULT OR UNPROMISING AREAS. AMONG OTHER PROVISIONS OF NEW CONVENTIONS IS COMMITMENT BY FOREIGN FIRMS TO REINVEST IN TUNISIA A SUBSTANTIAL PORTION OF FUTURE PROFITS.

4. UNDER RECENTLY CONCLUDED AGREEMENT BETWEEN MOBIL AND AMOCO, LATTER WILL EARN INITIAL 25 PERCENT INTEREST IN MOBIL'S "MEDENINE" PERMIT AREA WITH OPTION TO INCREASE TO 50 PERCENT. AMOCO IS OPENING OFFICE IN TUNIS AND WILL TAKE OVER AS OPERATOR FROM BEGINNING OF NEW WORK PROGRAM. (AMOQO ALREADY HOLDS ONE-THIRD INTEREST IN "MARIN CENTRE LIMITED OFFICIAL USE

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ORIENTAL" OFFSHORE EXPLORATION AREA OPERATED BY TOTAL, BUT DECLINED TO TAKE UP ITS INTEREST IN SMALL ISIS PRODUCTION CONCESSION WITHIN THIS AREA.) AMONG OTHER SIGNIFICANT OWNERSHIP CHANGES HAS BEEN PURCHASE OF 20 PERCENT AND 25 PERCENT INTERESTS, RESPECTIVELY, BY UNION OF TEXAS (ALLIED CHEMICAL SUBSIDIARY) AND LOUISIANA LAND AND EXPLORATION COMPANY IN "DEHIBET" EXPLORATION PERMIT UNTIL NOW SHARED EQUALLY BY CONOCO AND PETROSWEDE. NEW PARTNERS, ALSO INCLUDING NORCEN OF CANADA (10 PERCENT), WILL EARN INTERESTS BY FINANCING PROGRAM OF ONE OR TWO WELLS IN THIS PROMISING ONSHORE AREA ADJACENT TO LIBYAN BORDER. (CONOCO REMAINS THE OPERATOR.) AMONG OTHER US COMPANIES WHICH HAVE RECENTLY ACQUIRED PARTIAL INTERESTS IN PERMITS OPERATED BY OTHERS IN ENSERCH ENERGY OF DALLAS, WHICH HAS BOUGHT INTO MARATHON'S "GABES-DJERBA-BEN GAMDENE" AREA.

5. THIRD COUNTRY OIL COMPANIES ALSO ARE ACTIVE, WITH MAY VISIT OF ELF-ACQUITACNE PREIDENT CHALANDON, ON HIS "AFRICAN OFFENSIVE" ("JEUNE AFRIQUE" OF APRIL 26), APPARENTLY HAVING SEWED UP "KERKENNA EAST" OFFSHORE AREA FOR HIS FIRM. NEW ONSHORE WILDCAT BY TOTAL IN ITS SIDI

ITAYEM FIELD IS RUMORED LOCALLY TO BE OF CONSIDERABLE INTEREST.

6. OVERALL, THIS YEAR PROMISES TO BE ESPECIALLY ACTIVE ONE FOR TUNISIAN INDUSTRY, WITH ONSHORE EXPLORATION, VIRTUALLY DORMANT LAST YEAR, ALMOST MATCHING OFFSHORE ACTIVITY. IN STATEMENT TO PRESS AT SIGNING WITH BUTTES (LATTER REPRESENTED BY EDGAR W. WELLBAUM), MINISTER OF INDUSTRY, MINES AND ENERGY SFAR LOOKED TO OIL EXPLORATION EXPENDITURE IN TUNISIA THIS YEAR TOTALLING 33 MILLION DINARS (\$79 MILLION), INCLUDING 16 WELLS. HE NOTED THAT 19 EXISTANT GOT EXPLORATION PERMITS NOW COVER TOTAL OF 150,000 SQUARE KILOMETERS, ONSHORE AND OFFSHORE (SFAR ALSO SIGNED CONVENTION WITH SHELL Pecten, WITH M.E. FECTH SIGNING FOR US LIMITED OFFICIAL USE

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ACTION NEA-11

INFO OCT-01 EUR-12 ISO-00 EB-08 XMB-02 OPIC-03 SOE-02

AID-05 CEA-01 CIAE-00 DODE-00 DOE-15 H-01 INR-10

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FM AMEMBASSY TUNIS

TO SECSTATE WASHDC 1379

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PASS DEPT OF ENERGY, EXIMBANK AND OPIC

7. EMBASSY SOURCES SUGGEST GOT IS PRESSING PERMIT HOLDERS FOR ACCELERATED ACTIVITY, AND MAY GET ALMOST AS MANY WELLS SO FAR PREDICTED. AMONG OPERATORS WITH PLANS FOR WELLS THIS YEAR ARE TOTAL (ON AND OFFSHORE), ELF-ACQUITAINE (OFFSHORE), AGIP/PETROFINA (ONSHORE), ROYAL DUTCH SHELL (OFFSHORE), CONOCO (ONSHORE), AMOCO/MOBIL (ONSHORE--MAY BE DEFERRED TO EARLY 1979), AND BUTTES (OFFSHORE). MOST ALL OF EASTERN OFFSHORE AND SOUTH AND EAST CENTRAL ONSHORE TUNISIA IS NOW COVERED BY EXPLORATION PERMITS. ALTHOUGH STILL AT PRELIMINARY STAGE, INDUSTRY INTEREST IS EXTENDING TO NEGLECTED NORTH OF TUNISIA, ONSHORE AND OFFSHORE. ELF-ACQUITAINE AND TOTAL ALREADY HAVE GEOPHYSICAL OPTION AGREEMENTS FOR TWO ONSHORE AREAS IN THIS REGION.

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## Message Attributes

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